Maine Municipal Association
What’s Next for Legalized Marijuana in Maine

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Today’s Goals and Objectives

1. Provide update on Office of Marijuana Policy’s progress
2. Facilitate an open discussion on what is next for legalized marijuana in the state of Maine
3. Provide information pertinent to municipalities and offer context into how to make informed decisions regarding legalized marijuana
4. Provide a channel of ongoing communication and engagement with municipalities
5. Answer any questions!
OMP Introduction – Mission and Vision Statements

• **Mission Statement** - To ensure the health and safety of all Mainers by effectively and responsibly licensing and regulating marijuana establishments.

• **Vision Statement** - Develop a good faith partnership between the State of Maine and stakeholders by establishing rules and policies that provide interested consumers with access to a regulated industry while diminishing an unregulated, untested black market.
OMP Introduction – Guiding Principles

• The public’s health, safety, and well-being are always our top priority.
• Develop and institute regulations that are necessary, not over burdensome.
• Compliance every day, enforcement only when needed.
• Strive to be transparent and clearly communicate with the public and stakeholders.
• Treat everyone fairly and with respect.
OMP Update – Major Milestones

**Staffing**
- 15 staff
- Three new leadership hires (Director of Compliance, Licensing, Special Projects)
- Actively recruiting for field and admin staff

**Rules**
- Adult Use Marijuana – effective date of LD 719: 9/19/19

**Systems**
- BioTrackTHC
- Agency License Management System (ALMS)

**Outreach**
- Planning roadshow and surveying municipality interests and needs

**Admin**
- Website under development for application portal
- Director of Licensing ramping up for kick-off
Drafting
Rules are being drafted at the Office of Marijuana Policy

Soon to Be Entering Public Comment Period
Open for 30-days and publicly posted with notice

Substantive Changes
Changes from public comment period

Provisionally Adopted
Before legislature approval

Final Adoption
Legislature review and approved

* Adult Use and Testing anticipated to be finally adopted in the coming months
The Role of Municipalities

**Adult Use**
- May limit total number of plants on parcel, but must exempt adults (21+) domiciled on property.
- Must affirmatively opt-in for any type of establishment.
  - No grandfathering.
- Must provide local authorization before OMP issues active license.

**Medical Use**
- No limits on home cultivation, including cultivation for family member or member of household.
- Must opt-in for establishments other than caregivers.
  - Existing establishments operating with municipal approval prior to December 13, 2018 exempt.
- No role in state registration process.
Adult Use Tax Structure

• The 128th Legislature implemented a hybrid excise tax/sales tax structure for adult-use recreational marijuana.
• Effective rates
  – 21.5 percent excise tax at wholesale.
  – 10 percent sales tax rate at retail.

<table>
<thead>
<tr>
<th>Taxable Item</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marijuana flower and mature plants</td>
<td>$335/pound</td>
</tr>
<tr>
<td>Marijuana trim</td>
<td>$94/pound</td>
</tr>
<tr>
<td>Immature plant or seedling</td>
<td>$1.50/plant or seedling</td>
</tr>
<tr>
<td>Marijuana seed</td>
<td>$0.30/seed</td>
</tr>
</tbody>
</table>
## Estimated Adult Use Tax Collections

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total Tax Revenue</th>
<th>General Fund</th>
<th>Public Health and Safety Fund</th>
<th>Local Government Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020*</td>
<td>$4.4 million</td>
<td>$3.8 million</td>
<td>$0.5 million</td>
<td>$58,080</td>
</tr>
<tr>
<td>2021</td>
<td>$16.8 million</td>
<td>$14.6 million</td>
<td>$2 million</td>
<td>$221,760</td>
</tr>
<tr>
<td>2022</td>
<td>$23.6 million</td>
<td>$20.5 million</td>
<td>$2.8 million</td>
<td>$311,520</td>
</tr>
<tr>
<td>2023</td>
<td>$33.2 million</td>
<td>$28.8 million</td>
<td>$4 million</td>
<td>$438,240</td>
</tr>
</tbody>
</table>
Local Authorization – What It Means for Municipalities

A municipality’s legislative body must vote to allow a particular type of marijuana establishment.

Municipalities have two options:
1. Opt-in (with or without conditions or limits) and notify the Department
2. Wait—Default is the same effect as prohibition

AU: Individual local authorization is required for each license application.
MM: Municipalities may not prohibit or limit the number of primary caregivers.
Municipality Powers

AU: Regulate stores, cultivation, testing, manufacturing facilities

MM: Regulate registered caregiver stores, registered dispensaries, manufacturing, testing facilities

Limit number of plants on one parcel for AU home cultivation

Regulate or enforce personal use

Prohibit or cap registered caregivers

Prohibit or cap unregistered caregivers

Exceed powers granted in rules
Local Regulation Must Be Consistent with Statutes and Rules

**Allowed**
- Designated zones for establishments
- Additional limits on hours
- Expand “buffer zone” around schools

**Not allowed**
- Waiver of restrictions on co-location
- Expand hours of operation
- Allow establishments within 500 feet of schools
Good to Know Numbers for Municipalities

- Usable marijuana
- Marijuana concentrate
- Edible total THC content
- Seedlings or immature plants
- Active THC in standard serving size
- Size of universal symbol (of product serving proportions)

2.5 oz
5 grams
12
10 mg
25%

Marijuana Store
Nursery Cultivation
Manufacturing Facility

Sales Limits
Product Safety
Want to start an adult use marijuana business?

Start by visiting: www.maine.gov/dafs/om

All applicants must first submit to a criminal history records check

Q: Where do I go to get my fingerprint taken?
A: Finger Print Locations

Any employee and each applicant for a license will be required to obtain an Individual Identification Card (IIC)

Note: If the applicant is a business entity every officer, director, manager and general partner will require a criminal history records check

Note: If the applicant is a business entity every officer, director, manager and general partner will require the IIC

Complete and submit application(s) for a conditional license and pay application fee

Tip: Forms completed online will likely be processed faster

Once payment is received, the Department shall issue an active license that is valid for 1 year

Note: fees may only be paid with a bank check or money order

Upon satisfaction that all requirements have been met, the Department will invoice the applicant for the licensing fee

Supplemental information for issuance of an active license includes:
- Evidence of compliance with all electrical and permitting requirements
- Appropriate tax information and documents
- Any changes to original application
- Updated plans on record

Note: fees may only be paid with a bank check or money order

The town will send an approved local authorization form directly to the department

Within 10 days of receiving an approved local authorization the department will request supplemental information and updated documents from the applicant

For a conditional license holder to be eligible for an active license they must seek local authorization

Note: towns have 90 days (and an additional 90 days if requested) to respond to a request for local authorization

Within 90 days of receiving all application forms, required attachments and criminal history record checks the Department shall either deny the license or issue a non-renewable conditional license valid for one year

Note: towns have 90 days (and an additional 90 days if requested) to respond to a request for local authorization
Local Authorization Form

- Still under development
- Approximately one page
- Municipality may include additional conditions for active license
- Required attachment: local ordinance, warrant article, or other local regulation authorizing this type of establishment within the municipality
OMP Next Steps

• Finalize applications and forms required to process adult use licenses (both online and paper)
• Encourage applicants to begin fingerprinting and background check process once forms are final
• Implement BioTrackTHC to be available for medical registrations by fall
• Host BioTrackTHC training (end of September and October)
• Continue stakeholder engagement
• Rulemaking activity
• Second Regular Session of 129th Legislature
Unknwonns

- Will adult-use taxation accomplish objectives?
- What is the saturation point for licenses, employees, and market share?
- How will competition for indoor cultivation space affect the industrial warehouse market?
- How will the State of Maine and Maine businesses respond to such a cash-intensive industry?
- Will marijuana-related money pour into real estate or other investments due to the lack of access to traditional banking? Will SAFE Banking Act pass?
- How will federal regulation of marijuana change in the coming months and years? How would interstate sales affect Maine's industry?
Recommended Reading

• The Economic Effects of the Marijuana Industry in Colorado, Kansas City Federal Reserve Bank (April 2018)
• Where Pot Entrepreneurs Go When the Banks Just Say No, New York Times (January 2018)
• Marijuana Legalization: What Everyone Needs to Know; Jonathan P. Caulkins, Beau Kilmer, Mark A.R. Kleiman (April 2016)
• Growing A “Cannabiz” in Maine, Mainebiz (February 2017)
Website, Survey and Contact Information

- **Website** - [www.maine.gov/dafs/omp](http://www.maine.gov/dafs/omp)
- **Contact Info Handout**

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Questions?